

TENNESSEE REGULATORY AUTHORITY

04/25/02
10:02 AM

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

April 25, 2002

Mr. Blane R. Clark
P O Box 488, 121 Woodland Street
Gate City, VA 24251

RE: MountaiNet Telephone Company, Inc. (Docket No. 02-00446)

Dear Mr. Clark:

The Tennessee Regulatory Authority is writing in regards to MountaiNet Telephone Company, Inc. (hereafter "MountaiNet" or "Applicant") recently submitted application to provide competing local telecommunications services within the State of Tennessee.

The Authority respectfully requests that the following information for the review of MountaiNet's CCN application pursuant to TCA §65-4-201:

Financial Requirements:

Please provide the following financial information:

1. Current 12/31/01 (audited 12 mos., if possible) financial statements, which include the balance sheet, income statement, and statement of cash flows.
2. The amount for Total Annual Capital Expenses in the Detail of Switch Capital Expenditures Schedule and Capital Investment Forecasted Financial Schedule do not agree.
 - a) Please explain the differences between the aforementioned schedules.
 - b) Additionally, provide a depreciation schedule for the projected years one through three.
3. Sources of funding for its operations, equipment, etc.
4. TCA amendment states that by September 1, 2000, all telecommunications service providers subject to the control and jurisdiction of the authority, except those owners or operators of public telephone service who pay annual inspection and supervision fees pursuant to Tennessee Code Annotated, §65-4-301(b), or any telecommunications service provider that owns and operates equipment facilities in Tennessee with a value of more than \$5 million, shall file with the authority a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars to secure the payment of any monetary sanction imposed in any enforcement proceeding, brought under this title or the Consumer Telemarketing Protection Act of 1990, by or on behalf of the Authority. Please

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submit to the Authority an original corporate surety bond or irrevocable letter of credit pursuant to TCA §65-4-125.

Miscellaneous Items:

1. In its CLEC application MountaiNet has indicated that it plans to utilize its parent, Scott County Telephone Cooperative, for the provisioning of its financial, managerial, and technical services. Please provide a detailed analysis addressing how shared labor costs, as well as, all shared and common costs will be allocated. Additionally, provide a narrative describing the steps that MountaiNet will take to prevent the cross subsidization of the operations of MountaiNet. As part of your response include a copy of the cost allocation plan between MountaiNet and Scott County Telephone Cooperative.
2. Will an independent auditor audit the cost allocation plan discussed in item 1? If yes, how often? Will a separate opinion be issued on the cost allocation plan?
3. Will the Applicant provide the TRA access to the books and records of both MountaiNet Telephone Company and MountaiNet, Inc./Scott Telephone Cooperative to determine if the Applicant is in compliance with the cost allocation plan?

If you have any questions or comments regarding this data request, please contact Darrell Whitis at (615) 741-2904 (ext. 132). Please submit the requested information by May 10, 2002.

Sincerely,



David Waddell
Executive Secretary

C: Docket File